

# CORPORATE REPORT TO THE COMMUNITY

FISCAL YEAR ENDING DECEMBER 31, 2003, AND BUDGET YEAR 2004



*Success is achieved by  
preparing for challenges,  
looking for new  
opportunities and  
staying focused  
on our goals.*

## MOVING FORWARD WITH WINNING STRATEGIES CITY PLANS FOR A SUCCESSFUL COMMUNITY

By Mayor Gene Winstead

IN THE WORDS OF BENJAMIN FRANKLIN, "Life is a kind of chess." We make decisive moves, experience setbacks, face challenges and achieve success. Chess principles also apply when planning for our community's future.

**Foresight allows us to consider the advantages of our situation.** Ensuring that Bloomington continues to thrive means envisioning where we want our community to be 10, 20 or 30 years from now and planning our course of action today. During the last 10 years the City has been investing in our community's future by improving services, upgrading infrastructure and increasing our financial strength. Renewal efforts sometimes impact residents and businesses, but continued decline is to no one's benefit. The Council knows the critical importance of renewing the community for the long term and has set aside five top redevelopment priorities. See pages CR6 and CR7.

**Reaching our goal requires caution.** For years the City Council has adopted resilient budgets in preparation for a downturn by maintaining staff and programs at lean levels and not adding services without identified resources.

**Success depends on how well prepared we are for challenges.** In 2003, the City experienced one of the most difficult years in more than a decade. A \$4.5 billion state budget deficit projected through 2005 affected aid to cities. Bloomington lost \$2 million in Market Value Credit and Local Government Aid payments for 2003 and will have another \$2 million loss in 2004.

Since the 1990s, the City has been preparing for an eventual downturn in the economy. Devised to gain Moody's top Aaa bond rating in 1998, downturn strategies were developed that the City began to employ in 2002 and used even more in 2003.

To meet the challenges of the 2004 budget, one of the downturn strategies used was the Strategic Priorities levy. In good economic times the levy provides a means to fund the Council's priorities, including community renewal and park improvements. Strategic priorities monies earmarked in stronger economic periods are available for use in less robust times.

Further, the General Fund budget was decreased by \$880,000. In August 2003, the City Council and staff met in

priority-setting sessions to determine how to make up the \$2 million loss of state aid and other economically sensitive revenue. Results included utilizing the property tax levy, reducing expenditures by \$1.7 million and the one-time use of reserves that were set aside in better economic times. The result was a levy increase of 5.75 percent, \$1.8 million below the state-imposed levy limit.

**Staying focused is the key to positive results.** Franklin said that we learn from chess not to be discouraged by the present state of affairs because the game is so full of events. By staying focused on our goals and moving forward with winning strategies for the future, we will achieve success for our community. Bloomington's financial condition is among the best in the state and the nation. See page CR4. With this advantage, we are able to continue to provide services that meet our residents' needs, look for additional opportunities that enhance our city and skillfully execute its renewal.

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Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

PRESENTED TO

CITY OF BLOOMINGTON,  
MINNESOTA

For the fiscal year ending  
December 31, 2002



Edward Winstead  
Mayor  
Jeffrey L. Loefer  
City Council

### CITY WINS FINANCIAL AWARDS

THE GOVERNMENT Finance Officers Association (GFOA) of the United States and Canada has given the City of Bloomington the *Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended December 31, 2002*. This prestigious national award recognizes the City's conformance with the highest standards for preparation of state and local government popular reports. The City of Bloomington has received the *Popular Award* for the last five years, the *Distinguished Budget Award* for the last seven years and the *Certificate of Excellence in Government Reporting* for the past 31 years.

### REPORT NETS COMMUNICATIONS AWARD

THE CITY'S CORPORATE REPORT TO THE COMMUNITY RECEIVED national attention in 2003.

Bloomington's 2002 Corporate Report was awarded an *Award of Excellence* (third place) from the City-County Communications and Marketing Association (3CMA).

"The information was easy to read. We liked the tie to dollars spent; cost-effective," noted the judges. "Captures growth and history very well. Readable, affordable!" 3CMA's annual awards salute skilled and effective city and county communication efforts on a national level.



The examples of monthly expenses for City services described in this report use a median-priced home in Bloomington which has a 2003 assessor's market value of \$195,800, with monthly property taxes for City services of \$49.38.





A NEW IDENTITY  
CITY ADOPTS LOGO

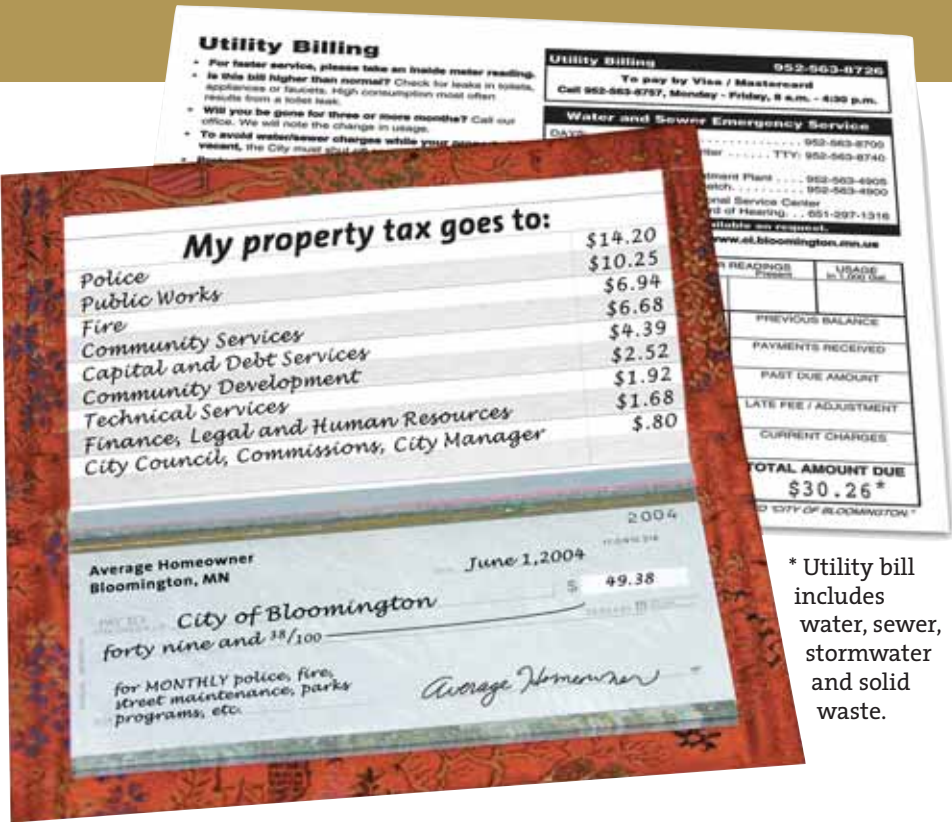
IN 2003, A NEW LOGO WAS ADOPTED to identify the City organization to the public. The logo is being applied to interior and exterior signs, stationery, City publications and vehicles as a result of the City's quest to establish a brand identity. Depicting a cityscape framed by the Minnesota River, the new logo replaces the "Bubbling B" symbol in use since 1976. The new logo is being implemented gradually in order to minimize transition costs.



CITY OF BLOOMINGTON  
ORGANIZATIONAL  
CHART

BLOOMINGTON'S CHARTER PROVIDES for a council-manager government. The City Council and Mayor, elected by the people, exercise legislative power and determine all City policies. Advisory boards and commissions gather information and advise the City Council on specific issues. Day-to-day operations are directed by the Council-appointed City Manager. The City Manager oversees the eight departments and the Technical Services Group that carry out the services, activities and policies of the City of Bloomington.

CITY SERVICES YOUR TAX DOLLARS BUY



\* Utility bill includes water, sewer, stormwater and solid waste.



HOME VALUE GROWTH  
REMAINS STRONG

CITY SERVICES ENHANCE OUR LIVES and provide a stable foundation that helps home values continue to grow. Median home value has increased from \$178,800 in 2002 to \$195,800 in 2003, a 9.5 percent increase.

The City works hard to provide a broad range of quality municipal services at one of the lowest property tax costs per household in the metropolitan area. A homeowner's investment of approximately \$600 per year in City services has aided the average home value increase of more than \$14,000 per year for the past four years. A good investment in services is one of the factors that helps promote home equity appreciation.

RESIDENTS RECEIVE CITY SERVICES  
AT AN AFFORDABLE PRICE

RESIDENTS RECEIVE A VARIETY OF CITY SERVICES AT AN AFFORDABLE PRICE. THE COST of City services in 2004 for the owner of a median-priced home in Bloomington with a 2003 assessor's market value of \$195,800 is \$49.38 per month. Utilities are competitively priced and remain stable in 2004. The value received from City services compares favorably to charges for other monthly bills.

Net property tax cost is obtained by subtracting all revenue sources, other than the property tax, from departmental expenditures. Water and sewer utilities are fee-based.

Property tax-supported services

The checkbook above shows how the monthly cost of property tax-supported services is divided among City departments.

Monthly cost of utilities

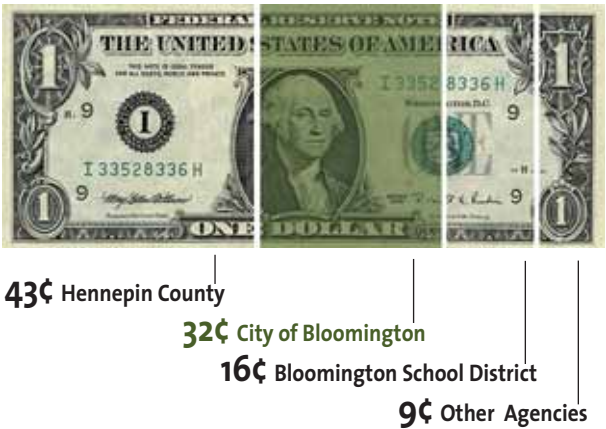
The monthly utilities cost for a median-priced home in Bloomington is \$30.26 in 2004. Services include water, sewer, stormwater and solid waste. Charges, based on usage of 7,500 gallons per month, have remained stable since 1996. *Note: Water bills are mailed bimonthly and average \$60.53 per bill.*



DIVIDING UP YOUR 2004 TAX DOLLAR

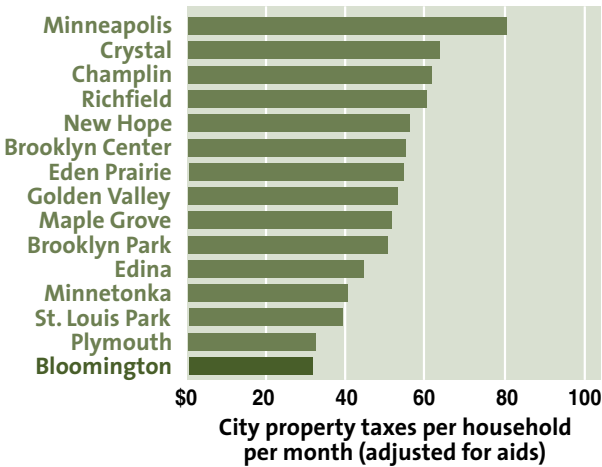
YOUR TAX DOLLAR IS DIVIDED AMONG SEVERAL GOVERNMENTAL entities. As the graphic at right shows, for every dollar of taxes paid, 32 percent pays for City services.

The actual amount of taxes owed is based on market value, tax law and the levy. The levy for all local governmental entities is spread across properties within the city's boundaries using tax capacity, a function of market value and property type. After applying educational aids, a Bloomington homeowner with a median home value pays \$2,180 in property taxes. Of that, \$593, or \$49.38 per month, goes to the City for services. The remaining \$1,587 goes to the School District, County and other taxing districts.



BLOOMINGTON RANKS WELL IN TAX RATE COMPARISON

IN A 2003 COMPARISON OF 15 COMMUNITIES in Hennepin County with more than 20,000 residents, the average household cost of services in terms of property taxes and property tax aids (when adjusted for Fiscal Disparities) showed Bloomington ranking the lowest. The average household in Bloomington paid \$37.50 per month in property taxes to the City.





## QUALITY NETS WINNING RESULTS SERVICE HIGHLIGHTS OF 2003

The City of Bloomington's commitment to excellence enhances the quality of life in our community. From Police and Fire protection to Parks and Recreation activities, these champion efforts net winning results for residents. Here are a few highlights from last year.

*As a Realtor, I just wanted to compliment you on your Web site. The City of Bloomington's site is the most comprehensive and the easiest to use and navigate around that I've run across, and makes the best use of hyperlinks!*

Karen, local Realtor.



30,988

VISITS PER  
MONTH TO THE  
CITY'S WEB SITE.  
IN 2003.



### TECHNOLOGY KEEPS CITY UP TO SPEED

LAUNCHED IN 1994, THE CITY'S Web site received an average of 31,000 monthly visits in 2003. Expansion of City services online has increased efficiency and improved service by saving customer and staff time, and by making more information available to users 24/7.

The City's Web site traffic increased by 22 percent over 2002 with new features such as an interactive property database called My World that was launched in 2003. Visitors can receive up-to-date information on a property in Bloomington including its size, zoning or historical significance. Residents can also see what projects are underway in their neighborhoods including development, street

construction and utility work. This spring a street sweeping schedule and aerial photos of properties were added.

Future interactive features to the City's Web site include a development directory and Parks and Recreation program registration.

To view the interactive features, visit [www.ci.bloomington.mn.us](http://www.ci.bloomington.mn.us), keywords: My World.

*Developing strong relationships and connections with hospitals, clinics, law enforcement, fire departments and traditional emergency responders have paid big dividends. Public Health is now an active participant in the emergency response picture.*

Denise Dunn,  
Bloomington Public  
Health Emergency  
Preparedness  
Coordinator.



### WORKING TOGETHER ON BEING PREPARED

WORLD EVENTS CONTINUE TO CALL attention to the critical role public health plays in homeland security. With a \$5 million Centers for Disease Control and Prevention grant from the Minnesota Department of Health, all public health departments in Minnesota, including Bloomington

Public Health, are working to improve local emergency preparedness. City efforts build connections with community partners, including emergency management, public safety, schools, hospitals and volunteer organizations.

Communication is an essential element of preparedness. Public Health and Emergency Preparedness staff have educated hundreds of individuals through presentations. They have created an "Emergency Preparedness and Public Health" newsletter that is mailed to community partners and is also available on the City's Web site, keyword: Preparedness.

Ongoing training is another component in being prepared. In 2003, Public Health staff participated in a smallpox regional clinic to prepare health care providers and public health workers in the event of a smallpox (or other biological) outbreak.



In addition, grant funds facilitated the purchase of interactive video-conferencing equipment to be used for meetings, education and training, and health alerts. The technology will be particularly useful should an emergency situation develop in which collaborative decisions and planning need to be made quickly among various groups.

*Thanks for your snowplowing efforts. I leave for work at 5 a.m. and have never encountered a problem due to unplowed roads.*

A Bloomington resident.



### MAINTAINING SAFE STREETS

CONSTRUCTION OF A 71,000 SQUARE foot indoor storage facility in 2002 for Public Works' vehicles and equipment has helped quicken the response time of snowplow operators. Approximately

30 minutes of preparation time per vehicle is saved now that crews no longer have to dig out snowplows before hitting the streets. With 45 types of equipment used during a snow event and roughly 10 full plowing events per year, the result is a significant labor savings. Safety also increases because it is easier to perform mandatory equipment inspections before and after plowing.

This past winter, approximately 1,000 tons of salt and 8,000 tons of sand were used to help maintain safe

driving on city streets. In 2003, a salt storage shed was constructed. When it rains and snows, salt no longer melts and drains into the storm sewers that carry the pollutants to Bloomington's water bodies. The shed keeps the products dry and prevents clogged spreaders and sanders. In addition, the storage shed saves money, allowing the City to buy salt in larger quantities during the off-season when prices are lower.







1,200

AVERAGE  
NUMBER OF  
CALLS THAT  
THE FIRE  
DEPARTMENT  
RESPONDS TO  
PER YEAR.

2004 OPERATING  
REVENUE SOURCES

THE CITY’S MAJOR FUNDS FALL INTO the categories of General, Enterprise, Debt Service, Capital Funding Projects, Internal Services and Special Revenue. These funds demonstrate how quality City services provide a good value for your tax dollar.

Diversification of revenue provides financial strength

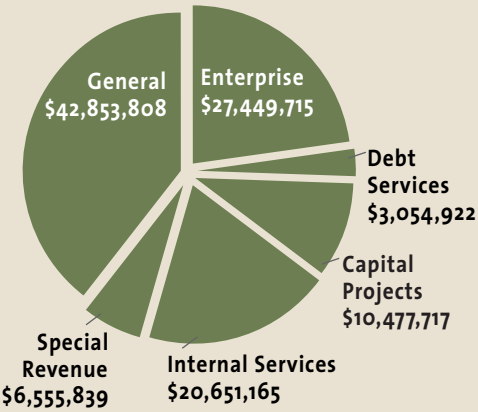
Bloomington’s low property tax rate is maintained by maximizing other funding sources and increasing productivity. By diversifying revenue, the City of Bloomington is in a strong position to withstand economic shifts.

Property taxes	\$32,179,282
Fees/charges	16,375,426
Transfers/other	7,345,769
Program income	5,991,600
Lodging/admissions	5,110,389
Licenses/permits	4,194,203
Intergovernmental	2,840,317
Special assessments	1,200,000
Fines/forfeitures	1,168,342
Interest	917,673
Franchise fee	812,900
Total*	\$78,135,901

\* Does not include Internal Services Funds.

2004 BUDGETED  
EXPENDITURES  
BY FUND

THE CITY OF BLOOMINGTON’S budgeted expenditures in 2004 for all funds total \$111,043,166.



THE GENERAL FUND

THE GENERAL FUND, WHICH ACCOUNTS FOR A MAJORITY OF CITY SERVICES, IS BLOOMINGTON’S primary operating fund. It uses current revenues to fulfill current expense obligations. This section contains specific information about each department within the General Fund. Expenditures were less than the budget in all 2003 General Fund operations.

	2003 BUDGET	2004 BUDGET	NET PROPERTY TAX*
POLICE	\$14,301,838	\$14,380,349	\$14.20
The Police Department works with the community to make the city a safer place to live and partners with residents and businesses to address their diverse needs.			
PUBLIC WORKS	\$9,140,851	\$9,182,134	\$10.25
Public Works provides safe and efficient transportation routes throughout Bloomington, maintains the City’s streets, parks, vehicles and public facilities, and reviews the impact construction and development projects will have on local and regional infrastructure.			
FIRE	\$1,909,827	\$1,877,043	\$6.94
The Fire Department protects the community by performing rescues, responding to fires, emergencies and hazardous materials incidents, and teaching fire prevention.			
COMMUNITY SERVICES	\$7,840,586	\$7,665,946	\$6.68
Community Services fosters opportunities for all residents, produces communication materials, provides public health services, and manages parks and recreational activities.			
COMMUNITY DEVELOPMENT	\$4,673,136	\$4,644,047	\$2.52
Community Development partners with the community to enhance Bloomington through planning, economic development and redevelopment activities. The department promotes safety by obtaining compliance with state and City building, fire and environmental health codes.			
TECHNICAL SERVICES	\$1,848,009	\$1,878,591	\$1.92
Technical Services furnishes licensing, assessment, elections, records management and cemetery services to Bloomington’s residents.			
FINANCE	\$1,367,004	\$1,187,508	\$0.84
Finance provides financial management services and internal support services to other departments.			
COUNCIL, COMMISSIONS, CITY MANAGER	\$941,614	\$915,513	\$0.80
Bloomington is governed by an elected, part-time City Council consisting of a mayor and six councilmembers. Legislative power is vested in the Council, which appoints citizens to advisory commissions, and a City Manager, who is responsible for the administration of City business. The City Manager appoints all other employees and performs duties as directed by the Council.			
HUMAN RESOURCES	\$599,924	\$583,952	\$0.54
Human Resources recruits and assists in hiring staff, oversees employee benefit programs and conducts employee relations activities on behalf of the City’s personnel.			
LEGAL	\$989,798	\$781,587	\$0.30
Legal advises the City Manager, City Council, City departments, and advisory boards and commissions.			

\*Net property tax is the portion of the levy allocated to these services.

CITY MAINTAINS HIGHEST BOND RATINGS

THE CITY OF BLOOMINGTON maintains Aaa and AAA bond ratings, the highest ratings awarded respectively by the bond agencies Moody’s and Standard & Poor’s. Standard & Poor’s said the high rating and stable outlook reflect the City’s strong, conservatively managed financial operations and manageable debt burden. Moody’s believes the City will maintain its strong financial position because of its diverse and sizable economic base, favorable debt

position and heavy support from non-levy sources. A municipal bond rating is similar to a corporate or individual credit rating. It is used for long-term financing. The extremely high ratings are measures of the quality of the City. This translates into interest savings because bond buyers are willing to earn the lowest interest as a tradeoff for secure debt. This ensures Bloomington’s interest costs will remain as low as possible.

The City’s excellent bond rating is a message to businesses and individuals that Bloomington is a healthy community. It also sends the signal to current and potential investors that Bloomington’s financial future is strong.



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CITIES  
NATIONWIDE  
WHO MAINTAIN  
BOTH AAA AND  
AAA, THE  
HIGHEST  
BOND RATINGS.